

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1976

Commission File No. 1-71

BORDEN, INC.

Incorporated in New Jersey --- IRS Employer Identification No. 13-0511250

277 Park Avenue, New York, N.Y. 10017

Registrant's telephone number, including area code: 212-573-4000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Thirty-year 2-7/8% Sinking Fund debentures, due 1981	New York Stock Exchange
Thirty-year 4-3/8% Sinking Fund debentures, due 1991	"
Thirty-year 5-3/4% Sinking Fund debentures, due 1997	"
Thirty-year 8-1/2% Sinking Fund debentures, due 2004	"
Common stock par value \$3.75*	"

* Common Stock also listed on foreign exchanges
in Switzerland and Tokyo, Japan.

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days. Yes X No .

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the close of the period covered by this report:

<u>Title of each class</u>	<u>Number of shares outstanding</u>
Common stock par value \$3.75	30,759,897

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Part I

Item 1. Business

Information on the nature and type of business is contained on pages 6 and 7 of the Company's 1976 Annual Report to Shareholders; in addition, information on sales and operating income by lines of business for the five years ended December 31, 1976 is contained on page 30 of the Company's 1976 Annual Report to Shareholders. All of the aforementioned pages are incorporated in this Form 10-K Annual Report.*

Item 2. Summary of Operations

The SUMMARY OF EARNINGS for the five years ended December 31, 1976, contained on page 31 and the Financial Review and Management Analysis thereof contained on pages 29 and 30 of the Company's 1976 Annual Report to Shareholders, is incorporated in this Form 10-K Annual Report.*

Item 3. Properties

Information on properties, contained on pages 6 and 7 of the Company's 1976 Annual Report to Shareholders, is incorporated in this Form 10-K Annual Report.*

Item 4. Parents and Subsidiaries

Registrant -- Borden, Inc.
Parents of Registrant -- None
Subsidiaries of Registrant:

The percentage of voting securities owned, or other basis of control, by its immediate parent	State or other jurisdiction of incorporation <u>or organization</u>
--	--

Domestic:

Alex Colman, Inc.	100	California
Cirette, Inc.	100	California
Saicol, Inc.	100	California
BBF, Inc.	100	Ohio
B.B.B.M., Inc.	100	New Jersey
Bercut-Richards Cold Storage Co.	100	California
Bercut-Richards Packing Co.	100	California
Borden Inks of Puerto Rico, Inc.	100	New Jersey

*Except as specifically indicated herein, no other data appearing in the Company's 1976 Annual Report to Shareholders is deemed to be filed as part of this Annual Report on Form 10-K.

Item 4. Subsidiaries of Registrant (cont'd.)

Domestic: (cont'd.)	The percentage of voting securities owned, or other basis of control, by its immediate parent	State or other jurisdiction of incorporation or organization
Borden, Interamerica, Inc.	100	New York
Borden International, Inc.	100	Delaware
Borden World Trade, Inc.	100	New Jersey
Chesapeake Advertising Corporation	100	Virginia
Comstock Foods, Inc.	100	New York
Crystal Klear Water, Inc.	100	Florida
Crystal Springs Water Company	100	Florida
Elizabeth River Terminals, Inc.	100	Virginia
Chemical Storage & Transport Corporation	100	Virginia
Fabric Leather Corporation	100	New York
Illinois Nitrogen Corporation	50	Illinois
Jean Patou, Inc.	100	New York
Kansas Crop Service, Inc.	57.5	Kansas
Monochem, Inc.	50	Louisiana
North American Sugar Industries, Inc.	100	New Jersey
Industrial Sugars, Inc.	92.5	Missouri
Sugar Refinery of Palm Beach, Inc.	100	Florida
Pepsi-Cola Bottling Co., Inc. of Indianapolis, Indiana	100	Indiana
Polar Water Company	100	Pennsylvania
Productos Borden, Inc.	100	New Jersey
Sterling Plastics Co.	100	New Jersey
Sun-Vue Fertilizers, Inc.	52	Texas
Viking Engraving Corporation, Inc.	77	Ohio
Foreign:		
Borden, S.A.	100	Panama
Crecspan, S.A.	50	Spain
Gallina Blanca, S.A.	50	Spain
Wilhelm Weber GmbH	100	Germany
Wilhelm Weber GmbH & Co. K.G.	74	Germany
W. Klemme K.G.	50	Germany
Borden U.K. Holdings, Ltd.	100	New Jersey
Borden (U.K.) Limited	100	England
Blackburn & Oliver Limited	100	England
Humbrol Limited	100	England
Moulding Powders Limited	100	England
Waller Adhesives Ltd.	50	Ireland
Borden Chemical Co. (Australia) Pty. Ltd.	100	Australia
Borden Chemical Company (France) S.A.	100	France
Borden Chemie Deutschland GmbH	100	Germany
Etablissement P. Barnier, S.A.	80	France
Borden Company A/S, The	100	Denmark
Cocio Chokolademaek A/S	100	Denmark
D.B. & C.C. Danish Butter & Cheese Co. A/S	100	Denmark
Borden Company, Limited The	100	Canada
Borden Chemical (Western) Limited	100	British Columbia
Borden Foods Limited	100	Ireland
Borden Products Limited	100	Canada
Morel, Inc.	100	Quebec

Item 4. Subsidiaries of Registrant (cont'd.)

Foreign: (cont'd.)	The percentage of voting securities owned, or other basis of control, by its immediate parent	State or other jurisdiction of incorporation or organization
Borden Company Limited, The	100	Ireland
Borden International Packaging, Ltd.	100	Ireland
Borden Company, S.A., The	100	Panama
Borden International Philippines, Inc.	97.93	Philippines
Borden Kjemi Norge A/S	87.5	Norway
Borden Overseas Capital Corporation N.V.	100	Netherland Antilles
Borden (Netherlands) B.V.	100	Netherlands
Vrancaert N.V.	70	Belgium
C.O. Mason, Inc.	100	Puerto Rico
Cia. Internacional De Ventas, S.A.	100	Panama
Alba S/A - Industrias Quimicas	97.52	Brazil
Produtos Alimenticios Adria, S.A.	100	Brazil
Cia. Colombiana De Alimentos Lacteos, S.A.	50	Colombia
Cia. Internacional De Ventas Centroamerica, S.A.	100	Guatemala
Industria Lechera Polar, S.A.	50	Colombia
Italcolor, S.A.	60	Uruguay
Materiales Moldeables, S.A. de C.V.	50	Mexico
Pasteruizadora De Valle, S.A.	50	Colombia
Fabrica de Productos Borden, S.A.	100	Panama
Helados Borden, S.A.	100	Panama
Hitachi - Borden Chemical Products, Inc.	50	Japan
Industrias Quimicas Formex, S.A. de C.V.	100	Mexico
Meiji - Borden, Inc.	50	Japan
Quimica Borden Ecuatoria, S.A.	75	Ecuador

NOTE: The above subsidiaries have been included in Borden's Consolidated Financial Statements on a consolidated or equity basis as appropriate. The names of certain subsidiaries, active and inactive, included in the Consolidated Financial Statements and of certain other subsidiaries not included therein, are omitted since when considered in the aggregate as a single subsidiary they do not constitute a significant subsidiary.

Item 5. Legal Proceedings

At December 31, 1976, the Company was a defendant in a Federal Trade Commission proceeding relating to charges of unfair trade practices in the sale of ReaLemon Reconstituted Lemon Juice. On September 2, 1976 the Administrative Law Judge issued an initial decision, finding that the Company had monopolized the "processed lemon juice" submarket and ordering the Company to license its "ReaLemon" trademark and to cease allegedly unlawful activity. A Notice of Appeal to the Commission was filed on September 7, 1976 and is presently pending.

In another Federal Trade Commission proceeding relating to charges of unfair trade practices allegedly arising from pricing of private label milk in the Chicago area, the Commission upheld the decision by the Administrative Law Judge dismissing Count III of the Complaint, the only count which applied to the Company. This decision terminated the Company's involvement in the litigation before the Commission.

The Company is a defendant in consolidated civil actions in the Federal District Court in Philadelphia, Pennsylvania, alleging violations of the Antitrust Laws in the sale of refined sugar. The Court, in October, certified three classes of plaintiffs: industrial users, retail grocers and institutional users, as proper groups of plaintiffs to proceed with the class litigation. Pre-trial discovery procedures are being conducted.

The Company is a defendant in private antitrust actions filed in the Federal District Court in Phoenix, Arizona, alleging violations of the Antitrust Laws in the sale of milk products in the Phoenix, Arizona market. The Court has certified classes on behalf of: state agencies, groceries, restaurants and consumers. The certification of the consumer class has been appealed to, and is pending before, the Circuit Court of Appeals for the Ninth Circuit.

The Company received an inquiry from the Federal Trade Commission regarding the common directors of Borden and NL Industries in 1975. To avoid controversy regarding the matter, which arose primarily because of the development by the Company of a lower-priced vinyl coated paper wall covering which could be considered to compete with the products of the then-existing paint division of NL Industries, Messrs. E.R. Rowley and Shelton Fisher resigned from the Board of Directors of the Company early in 1976. Further discussions with the Commission have led to a proposed consent decree which is pending.

The Company is involved in 15 proceedings with various Federal, state or city environmental agencies relating to alleged violations of standards limiting the discharge of industrial waste from its plants into local waterways and/or sewage systems. The Company is also involved in 14 proceedings with various Federal and state environmental agencies relating to emissions from the Company's production facilities.

The Company is participating in 6 industry appeals of various guidelines and limitations issued by the Federal Environmental Protection Agency relating to the discharge of industrial wastes into navigable waterways, and an industry appeal of the Federal Environmental Protection Agency's suspension of certain insecticide registrations.

At December 31, 1976, the Company was involved in litigation throughout the United States and had responded to several grand jury and government antitrust inquiries of industries in which the Company does business. These inquiries and litigation are considered to be in the ordinary course of the Company's business.

In reliance upon the opinion of Bernard Nemptow, its Senior Vice President, the Company's management is of the opinion that the foregoing proceedings, inquiries, actions, and environmental matters, will not have a material adverse effect on the Company's financial position or operating results.

Item 6. Increases and Decreases in Outstanding Securities

	<u>Shares</u>	
	<u>Common Stock \$ 3.75 Par Value</u>	<u>Preferred Stock Series B Convertible No Par Value</u>
Outstanding, December 31, 1975	30,526,338	248,366
Additions (deductions):		
Treasury stock issued under management incentive plan	690	
Common stock issued for exercised stock options	125,506	
5% Convertible debentures converted to common stock	13,808	
Preferred stock series B converted to common stock	<u>93,555</u>	<u>(85,060)</u>
Outstanding, December 31, 1976	<u><u>30,759,897</u></u>	<u><u>163,306</u></u>

Item 7. Approximate Number of Equity Security Holders

<u>Title of Class</u>	<u>Number of holders of record at December 31, 1976</u>
Common Stock, par value \$3.75 per share	65,359
Preferred Stock - no par value - Series B Convertible	638

Item 8. Executive Officers of the Registrant

Set forth below are the names and ages of the Executive Officers of the Company and the positions and offices with the Company presently held by each of them. Their terms of office expire on April 20, 1977 or until a successor is elected. There are no family relationships between any of the Executive Officers of the Registrant.

<u>Name</u>	<u>Position & Office with Registrant</u>	<u>Age on Dec. 31, 1976</u>	<u>Served in Present Position Since</u>
*A.R. Marusi	Chairman and Chief Executive Officer	63	1968
*E.J. Sullivan	President and Chief Operating Officer	56	1973
*B. Nemtzow	Senior Vice President	52	1974
F.J. Board	Vice President - Employee Relations	60	1968
J.B. Carnahan	Vice President - Distribution	56	1972
J.V. Lynn	Vice President - Engineering	56	1973
J.E. Madigan	Vice President and Treasurer	44	1975
J.D. Milligan	Vice President - Foods Division	36	1975
M.A. Minnig	Vice President - Chemical Division	59	1971
J.B. Nimons	Vice President - Purchasing	64	1970
J.J. O'Connor	Vice President - International Division	57	1967
R.T. Pryor	Vice President - Dairy & Services Division	56	1972
L.O. Doza	General Controller	38	1974
R.G. Tritsch	Secretary	50	1974

* Also a Director of Borden, Inc.

A.R. Marusi has been the Chairman and Chief Executive Officer since 1968. He was also president for a period of six years ending December 11, 1973.

E.J. Sullivan has been President and Chief Operating Officer since December 11, 1973 and previous to that an Executive Vice President for a period of six years.

B. Nemtzow has been Senior Vice President since May 1, 1974. Prior thereto he had been Vice President, General Counsel, and Corporate Secretary since 1971.

F.J. Board has been a Vice President of the Company for more than five years.

J.B. Carnahan has been a Vice President of the company since March 20, 1972. Prior thereto he had been Vice President of Armour and Company since 1967.

J.V. Lynn has been a Vice President of the Company since January 1, 1973. Prior thereto he had been Director of the Corporate Engineering Department since September, 1971.

J.E. Madigan has been a Vice President of the Company since December, 1975. He has been Treasurer of the Company since October, 1968.

J.D. Milligan has been a Vice President of the Company since February, 1975. Prior thereto he had been Controller, Vice President - Operations and Senior Vice President - Operations of the Foods Division since 1973. Previous to that, he was Assistant General Controller since 1971.

Item 8. Executive Officers of the Registrant (cont'd.)

M.A. Minnig has been a Vice President of the Company for more than five years.

J.B. Nimons has been a Vice President of the Company for more than five years.

J.J. O'Connor has been a Vice President of the Company for more than five years.

R.T. Pryor has been a Vice President of the Company since April 19, 1972. Prior thereto he had been President of Borden Dairy and Services Division since 1970.

L.O. Doza has been General Controller of the Company since May 1, 1974. Prior thereto he had been Assistant General Controller since 1972, and previous to that, he was associated with a major public accounting firm for a period of ten years.

R.G. Tritsch has been Secretary of the Company since May 1, 1974. Prior thereto he had been Assistant Secretary since 1971.

Item 9. Indemnification of Directors and Officers

The by-laws of the registrant provide indemnification as authorized by the laws of the State of New Jersey and, pursuant thereto, each director and officer of the registrant is insured for a maximum of \$10,000,000 against liability which each may incur in this capacity as such.

Item 10. Financial Statements and Exhibits Filed

(a) Consolidated financial statements.

The consolidated financial statements and additional financial data are listed in the index on page 9.

(b) Exhibits

A - Earnings per share calculations on page 25.

PART II

Items 11 through 15 are omitted in accordance with the Commission's rules; the Registrant filed a definitive Proxy Statement pursuant to Regulation 14A which involved the election of Directors.

S I G N A T U R E

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BORDEN, INC.

By /s/L. O. Doza
L. O. Doza
General Controller

March 25, 1977

BORDEN, INC.

AND CONSOLIDATED SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The 1976 and 1975 consolidated financial statements, together with the report thereon of Price Waterhouse & Co. dated February 22, 1977, appearing on pages 32 to 40 of the accompanying 1976 Annual Report to Shareholders are incorporated in this Form 10-K Annual Report. With the exception of information specifically indicated, no other data appearing in the 1976 Annual Report to Shareholders is deemed to be filed as part of this report. The following additional financial data should be read in conjunction with the consolidated financial statements in such 1976 Annual Report to Shareholders. Schedules not included with this additional financial data have been omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

The individual financial statements of the registrant have been omitted since the registrant is primarily an operating company and the total of minority interest and non-guaranteed long-term debt of subsidiaries is less than 2% of total consolidated assets.

Financial statements of 50% owned persons and other unconsolidated persons accounted for by the equity method have been omitted because considered in the aggregate as a single subsidiary they do not constitute a significant subsidiary.

ADDITIONAL FINANCIAL DATA

	<u>Page Number</u>
Supplementary information to notes to consolidated financial statements	11 & 12
Financial schedules:	
Property, plant, and equipment (Schedule V) - 1975	17
- 1976	18
Accumulated depreciation of property, plant, and equipment (Schedule VI) - 1975	19
- 1976	20
Intangible assets (Schedule VII) - 1975	21
- 1976	22
Valuation and qualifying accounts and reserves (Schedule XII) - 1975	23
- 1976	24

UNAUDITED FINANCIAL DATA

Replacement cost information	13 - 16
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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the application of our report, which appears on page 40 of the 1976 Annual Report to Shareholders of Borden, Inc., to the supplementary information to notes to consolidated financial statements and financial schedules listed in the foregoing index when this data is read in conjunction with the consolidated financial statements in such 1976 Annual Report to Shareholders; our report and the consolidated financial statements have been incorporated in this Annual Report on Form 10-K. The examinations referred to in our report included examinations of the supplementary information to notes to consolidated financial statements and financial schedules.

We also consent to the incorporation by reference in the Prospectus constituting part of the Registration Statement on Form S-16 of Borden, Inc. (Registration No. 2-47820 and Registration No. 2-43734) of our report referred to in the preceding paragraph.

PRICE WATERHOUSE & CO.

New York, New York

February 22, 1977

SUPPLEMENTARY INFORMATION TO
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SHAREHOLDERS' EQUITY

The Stock Option Plans approved by the shareholders in 1967, 1970, and 1974 provided that not more than 1,050,000 shares of Common Stock (adjusted for stock splits) were to be made available for the granting of stock options. At December 31, 1975 and 1976, 365,205 shares and 234,050 shares, respectively, were available for future grants at a price not less than 100% of the fair market value at the date of grant. The authority to grant these options will expire in April 1979.

The following table summarizes data concerning stock options outstanding at December 31, 1976:

Granted	Number of Shares	Option Price		Fair Value at Date of Grant	
		Per Share	Total	Per Share	Total
1970	61,000	\$21.63-\$26.50	\$ 1,567,800	\$21.63-\$26.50	\$ 1,567,800
1972	25,164 (1)	23.96--30.75	765,889	29.82--30.75	772,710
1973	100,830 (1)	21.54--25.50	2,358,309	23.38--30.82	2,363,695
1974	80,390	19.44	1,562,621	19.44	1,562,621
1975	133,250	23.00	3,064,750	23.00	3,064,750
1976	132,150	31.00	4,096,650	31.00	4,096,650
	<u>532,784 (2)</u>		<u>\$13,416,019</u>		<u>\$13,428,226</u>

(1) Options for 2,194 shares resulted from the assumption of obligations to issue common stock under stock options granted by a company prior to its acquisition by Borden.

(2) Options for 532,429 shares were exercisable at December 31, 1976.

A summary of options which became exercisable during the two years ended December 31, 1976 is shown below:

Year Becoming Exercisable	Number of Shares	Option Price		Fair Value at Date Exercisable	
		Per Share	Total	Per Share	Total
1975	<u>152,708</u>	\$18.46-\$25.50	<u>\$3,511,111</u>	\$21.75-\$27.25	<u>\$3,519,789</u>
1976	<u>133,725</u>	\$18.46-\$31.00	<u>\$4,137,546</u>	\$27.38-\$32.88	<u>\$4,145,978</u>

A summary of options exercised during the two years ended December 31, 1976 is shown below:

Year of Exercise	Number of Shares	Option Price		Fair Value at Date of Exercise	
		Per Share	Total	Per Share	Total
1975	<u>7,581</u>	\$ 6.37-\$23.38	<u>\$ 127,233</u>	\$22.88-\$27.44	<u>\$ 188,034</u>
1976	<u>125,506</u>	\$18.46-\$23.96	<u>\$2,658,202</u>	\$26.44-\$33.81	<u>\$3,713,295</u>

Upon the exercise of stock options, the par value of shares issued is added to the common stock account and the excess of proceeds received over par value is added to paid-in capital. No Treasury shares were used in 1976 for exercised stock options. In 1975, when Treasury shares were used for exercised stock options, the difference between the proceeds received and the cost of the Treasury shares issued was charged to paid-in capital. No amounts have been reflected in the income accounts as a result of the grant or exercise of these options.

Options for 47,790 shares and 4,669 shares expired or were cancelled in 1975 and 1976 respectively.

Retirement Plans

At January 1, 1976 (date of most recent actuarial determination) unfunded prior service costs under the Company's plans aggregated approximately \$111,000,000. These costs are being amortized generally over a 30-year period.

Inventories

The amount of inventories used in the computation of cost of goods sold at December 31, 1974 was \$489,402,710.

Taxes, Payrolls and Other Liabilities

At December 31, 1976 \$25,534,170 income taxes payable and \$32,270,563 foreign subsidiary bank borrowings were included in Taxes, Payrolls and Other Liabilities.

Unaudited Replacement Cost Information

General

The replacement cost information presented in this section of the financial statements is furnished pursuant to the Securities and Exchange Commission's Accounting Series Release No. 190. In that Release, the SEC cautioned investors and analysts against "simplistic use" of replacement cost information. In issuing that warning, the SEC stated:

"... (The Commission) intentionally determined not to require the disclosure of the effect on net income of calculating cost of sales and depreciation on a current replacement cost basis, both because there are substantial theoretical problems in determining an income effect and because it did not believe that users should be encouraged to convert the data into a single revised net income figure. The data are not designed to be a simple road map to the determination of 'true income.' In addition, investors must understand that due to the subjective judgments and the many different specific factual circumstances involved, the data will not be fully comparable among companies and will be subject to errors of estimation."

The Company believes that the limitations due to estimations requiring the subjective judgments and assumptions of management as discussed in the foregoing excerpt from ASR 190 apply specifically to the Company's replacement cost information presented in this section of the financial statements. For example, the technology currently available to the Company and the related environmental factors are undergoing continuous change and the effect thereof on the Company's replacement decisions cannot be predicted with precision. The Company's resultant inability to reflect the costs related to such unidentifiable difficulties is illustrative of the inherent imprecision of the information required.

The replacement cost information is based on the hypothetical assumption that the Company would replace its entire inventory and productive capacity at the end of its fiscal year, whether or not the funds to do so were available or such "instant" replacement were physically possible. This assumption requires that management contemplate many actions at the end of each year that ordinarily would not be addressed at one time. Accordingly, the information should not be interpreted to indicate that the Company actually has present plans to replace its productive capacity or that actual replacement would or could take place in the manner assumed in estimating the information. In the normal course of business, the Company will replace its productive capacity over an extended period of time. Decisions concerning replacement will be made in the light of economic, regulatory and competitive conditions existing on the dates such determinations are made and could differ substantially from the assumptions on which the data included herein are based.

The replacement cost data presented herein are not necessarily representative of the "current value" of existing inventory and productive capacity. Therefore, the difference between the replacement cost and the historical cost of inventory and productive capacity does not represent additional book value for the Company's common stockholders. The funds for the eventual replacement of the Company's productive capacity may be provided not only by earnings retained in the business but also by debt, or issues of equity securities. The determination of the source of funds will be made at the time the funds are required in light of the circumstances at that time.

Assumptions & Procedures

The replacement cost of raw materials and supplies has been computed based upon published prices for the quality, quantity, and terms at which the Company generally purchases these items.

Finished goods and work in process have been estimated on the basis of standard costs adjusted to reflect current material, labor, and overhead variances as well as replacement cost depreciation of buildings, and machinery and equipment.

The replacement cost of buildings was estimated by applying published current estimated construction costs to equivalent floor space used.

Where practicable, the replacement cost of machinery and equipment was estimated on the basis of current quoted market prices (approximately 60% of such assets) for new machinery of equivalent capacity. The replacement cost of remaining machinery and equipment (approximately 40%) was estimated by applying indices. The basis of evaluation was the current replacement cost of operations with similar productive capacities.

Replacement cost of sales was estimated on the basis of standard costs adjusted to reflect current material, labor, and overhead variances, as well as replacement cost depreciation of buildings, and machinery and equipment.

Depreciation based on the replacement cost of productive capacity has been estimated by classifying replacement cost assets to the smallest grouping for which historical cost depreciation records are maintained and then applying to the replacement cost amounts the historical ratios of depreciation to cost. Accumulated depreciation was determined in the same manner.

All replacement cost amounts related to foreign assets have been initially calculated in the relevant foreign currency and then translated to U.S. dollars using year end rates of exchange. Replacement cost amounts related to foreign cost of sales and depreciation expense have been translated using average annual rates of exchange.

Replacement cost data have not been provided for the Company's natural resource assets. The SEC has exempted these assets until after December 25, 1977.

The following replacement cost information for most of the Company's assets has been estimated by management on the basis as previously discussed. Reconciliation of comparable historical cost to cost as shown on the accompanying consolidated financial statements has been included in subsequent paragraphs.

<u>At December 31, 1976</u>	<u>Replacement Cost (Unaudited)</u> (000 Omitted)	<u>Comparable Historical Cost</u>
Inventories:		
Finished goods and work in process	\$ 306,000	\$ 301,100
Raw material and supplies	<u>135,900</u>	<u>133,500</u>
	<u>\$ 441,900</u>	<u>\$ 434,600</u>
Property and equipment		
Buildings	\$ 565,200	\$ 267,200
Machinery and equipment	<u>1,433,700</u>	<u>782,100</u>
	1,998,900	1,049,300
Accumulated depreciation	<u>977,500</u>	<u>509,000</u>
	<u>\$1,021,400</u>	<u>\$ 540,300</u>
<u>For the year ended December 31, 1976</u>		
Cost of sales, including		
\$101,200 replacement cost		
depreciation and \$55,000		
historical cost depreciation,		
respectively	<u>\$2,715,800</u>	<u>\$2,665,500</u>
Other depreciation		
expense	<u>\$ 20,000</u>	<u>\$ 12,500</u>

The basic replacement cost data presented above do not reflect any operating cost savings which may result from the replacement of existing assets with assets of improved technology. If the company's productive capacity were to be replaced in the manner assumed in the calculation of replacement cost of existing productive capacity, many costs other than depreciation (e.g., direct labor costs, repairs and maintenance, utility and other indirect costs) would be altered. Although these expected cost changes cannot be quantified with any precision, in the opinion of management, the current level of operating costs other than depreciation would be reduced as a result of the hypothetical replacement. This reduction would result in operating cost efficiencies partially offsetting the additional depreciation on a replacement cost basis. Also not reflected in the above data are factors such as savings resulting from shifting the burden of inflation to creditors and the effect on maintaining the customary relationship between cost changes and changes in selling prices. The SEC does not require consideration of these effects. The Company has attempted over the years to adjust selling prices to maintain profit margins and to balance the Company's capital structure at a reasonable combination of debt and equity. Conditions permitting, the Company expects to modify its selling prices and adjust its capital structure to recognize future cost changes in the most beneficial manner.

The following tables reconcile the historical cost amounts for which replacement cost data are provided to the related totals shown in the consolidated financial statements:

<u>At December 31, 1976</u>	<u>Inventories</u>	<u>Property And Equipment (exclusive of land) (000 Omitted)</u>	<u>Accumulated Depreciation</u>
Amounts for which replacement cost data are provided	\$ 434,600	\$1,049,300	\$ 509,000
Present value of future rentals for noncapitalized financing leases as determined at inception of the leases		(119,300)	(53,400)
Other items at cost, primarily construction in process	<u>(400)</u>	<u>128,600</u>	<u>(5,100)</u>
Totals as shown on the accompanying consolidated balance sheet	<u>\$ 434,200</u>	<u>\$1,058,600</u>	<u>\$ 450,500</u>

	<u>Cost of Sales Other Than Depreciation</u>	<u>Depreciation (000 Omitted)</u>	<u>Other Depreciation Expense</u>
<u>For the year ended December 31, 1976</u>			
Amounts for which replacement cost data are provided	\$2,610,500	\$ 55,000	\$ 12,500
Substitution of depreciation expense on noncapitalized financing leases for rental expense	13,500	(11,200)	(4,500)
Other items at cost	<u>6,600</u>	<u>1,500</u>	<u>3,300</u>
Totals as shown on the accompanying consolidated statement of income	<u>\$2,630,600</u>	<u>\$ 45,300</u>	<u>\$ 11,300</u>

SCHEDULE V

BORDEN, INC.

AND CONSOLIDATED SUBSIDIARIES

PROPERTY, PLANT, AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1975

Classification	Balance January 1, 1975	Additions at Cost Capital Expenditures	Reclassifications	Deductions		Balance December 31, 1975
				Retirements	Other (1)	
Land	\$ 41,033,170	\$ 854,950	\$ (140,330)	\$ 3,659,829	\$ 862,683	\$ 37,073,341
Buildings	266,181,146	22,661,172	(75,027)	19,443,464	7,682,551	261,641,276
Machinery & equipment	679,409,501	80,562,409	215,357	26,232,342	20,433,696	710,716,185
	<u>\$986,623,817</u>	<u>\$104,078,531</u>		<u>\$ 49,335,635</u>	<u>\$ 28,978,930</u>	<u>\$1,009,430,802</u>

(1) Property, plant, and equipment of previously consolidated foreign subsidiaries now accounted for on equity method due to reduction in ownership percentages.

(2) Depletion of mineral deposits.

(3) Cases and cans.

BORDEN, INC.

SCHEDULE V

AND CONSOLIDATED SUBSIDIARIES

PROPERTY, PLANT, AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1976

<u>Classification</u>	<u>Balance January 1, 1976</u>	<u>Additions at Cost</u>		<u>Reclassifi- cations</u>	<u>Deductions</u>		<u>Balance December 31, 1976</u>
		<u>Capital Expenditures</u>	<u>Businesses Acquired in Purchase Transactions</u>		<u>Retirements</u>	<u>Amortization and Depletion</u>	
Land	\$ 37,073,341	\$ 1,233,640	\$ 1,519,188	\$(12,367)	\$ 3,628,256	\$ 111,412(1)	\$ 36,074,134
Buildings	261,641,276	14,366,312	4,463,101	19,249	17,011,020		263,478,918
Machinery and Equipment	710,716,185	118,553,146	4,404,052	(6,882)	35,919,202	2,588,297(2)	795,159,002
	<u>\$1,009,430,802</u>	<u>\$134,153,098</u>	<u>\$10,386,341</u>		<u>\$56,558,478</u>	<u>\$2,699,709</u>	<u>\$1,094,712,054</u>

(1) Depletion of mineral deposits.

(2) Cases and cans.

SCHEDULE VI

BORDEN, INC.
AND CONSOLIDATED SUBSIDIARIES

ACCUMULATED DEPRECIATION OF
PROPERTY, PLANT, AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1975

Description	Balance January 1, 1975	Deductions			Balance December 31, 1975
		Additions Charged to Costs and Expenses	Reclassifications	Accumulated Depreciation Applicable to Retirements or Sales	
Buildings	\$ 94,345,722	\$ 8,884,127	\$ 1,670	\$ 8,133,665	\$ 90,771,019
Machinery and equipment	325,668,581	39,752,770	(1,670)	18,379,109	335,178,603
	<u>\$420,014,303</u>	<u>\$ 48,636,897</u>		<u>\$ 26,512,774</u>	<u>\$425,949,622</u>
				Other(1) Renewals	
				\$ 4,114,749	\$ 212,086
				11,429,251	432,718
				<u>\$15,544,000</u>	<u>\$644,804</u>

(1) Accumulated depreciation of property, plant, and equipment of previously consolidated foreign subsidiaries now accounted for on equity method due to reduction in ownership percentages.

BORDEN, INC.
AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VI

ACCUMULATED DEPRECIATION OF
PROPERTY, PLANT, AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1976

Description	Additions		Deductions			Balance December 31, 1976	
	Balance January 1, 1976	Charged to Costs and Expenses	Businesses Acquired in Purchase Transactions	Reclassifi- cations	Accumulated Depreciation Applicable to Retirements or Sales		Major Renewals
Buildings	\$ 90,771,019	\$ 9,008,190	\$ 43,967	\$ 89,741	\$ 6,910,832	\$135,309	\$ 92,866,776
Machinery and Equipment	335,178,603	44,917,874	533,425	(89,741)	22,726,426	206,100	357,607,635
	<u>\$425,949,622</u>	<u>\$53,926,064</u>	<u>\$577,392</u>		<u>\$29,637,258</u>	<u>\$341,409</u>	<u>\$450,474,411</u>

Schedule VII

BORDEN, INC.
AND CONSOLIDATED SUBSIDIARIES
INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1975

Description	Balance January 1, 1975	Additions At Cost	Deductions		Balance December 31, 1975
			Charged to Costs And Expenses		
Intangible Assets:					
Goodwill - excess cost of investments over net tangible assets of businesses acquired	\$146,629,835		\$ 9,490,576		\$137,139,259
Trademarks and patents	241,146	\$ 175,000	83,101		333,045
	<u>\$146,870,981</u>	<u>\$ 175,000</u>	<u>\$ 9,573,677</u>		<u>\$137,472,304</u>

Schedule VII

BORDEN, INC.
AND CONSOLIDATED SUBSIDIARIES
INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 1976

Description	Balance January 1, 1976	Additions At Cost	Deductions		Balance December 31, 1976
			Charged to Costs And Expenses		
Intangible Assets:					
Goodwill - excess cost of investments over net tangible assets of businesses acquired	\$137,139,259	\$ 6,155,850	\$ 2,432,231		\$140,862,878
Trademarks and patents	333,045	573	113,675		219,943
	<u>\$137,472,304</u>	<u>\$ 6,156,423</u>	<u>\$ 2,545,906</u>		<u>\$141,082,821</u>

SCHEDULE XII

BORDEN, INC.

AND CONSOLIDATED SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1975

<u>Description</u>	<u>Balance January 1, 1975</u>	<u>Additions</u>		<u>Deductions</u>		<u>Balance December 31, 1975</u>
		<u>Charged to Costs and Expenses</u>		<u>Description</u>	<u>Amount</u>	
Reserves deducted from assets to which they apply: Receivables-trade and other (current)	\$ 8,777,715	\$ 6,474,055		Accounts written off, net of recoveries	\$ 4,364,397	\$ 10,887,373
Investments and other assets	1,117,109	187,203		Other (net)	218,189	1,086,123

SCHEDULE XII

BORDEN, INC.

AND CONSOLIDATED SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1976

Description	Additions		Deductions		Balance December 31, 1976
	Balance January 1, 1976	Charged to Costs and Expenses	Description	Amount	
Reserves deducted from assets to which they apply: Receivables-trade and other (current)	\$10,887,373	\$ 4,307,368	Accounts written off, net of recoveries	\$ 4,337,248	\$10,857,493
Investments and other assets	1,086,123		Other (net)	281,824	804,299